

Embedding Social Values in Tourism Management: Community Currencies as Laboratories of Social Entrepreneurship?

Rita Cannas

Abstract This chapter explores the Sardex mutual credit system, a social enterprise operating in Sardinia (Italy) as part of the collaborative economy. Sardex is a Local Exchange Trading System (LETS) that was used by local small businesses in response to the economic crisis. The chapter discusses the strategic relevance and contribution of the Sardex network. Based on a qualitative approach, including observation and in-depth interviews with Sardex entrepreneurs, the chapter investigates how exchange mechanisms work among the 195 firms making up the hospitality sector within the network. Beyond tangible and quantitative outcomes, this study shows the intangible role of social values such as trust, reciprocity and mutual support as a means to foster collaborative practices within Sardex firms. The study enriches the debate about the disruptive and/or constructive impacts of the collaborative economy by highlighting the collective social and economic role played by the Sardex network as an innovative driver for local development and community empowerment.

Keywords Social entrepreneurship • Collaborative economy • Tourism consumption • Social values • Community currency • Sardex

1 Introduction: Theoretical Framework and Research Design

The global financial and economic crises from 2008 onwards have generated new business models based on sharing practices that have been presented as alternatives to unsustainable consumption and industrial forms of capitalism (Heinrichs, 2013; Ranchordás, 2015). These new business models within the collaborative economy are capable of reshaping and disrupting existing tourism businesses in, for example, the transport and accommodation sectors (e.g. Uber and Airbnb). Botsman and Rogers (2010, 2011) elaborate the idea of collaborative consumption as a new

R. Cannas (✉)

Dipartimento di Scienze economiche e aziendali, Università degli Studi di Cagliari,
Baffi Building, Viale Sant'Ignazio 74, 09123 Cagliari, Sardegna, Italy
e-mail: rita.cannas@unica.it

form of peer-to-peer sharing. The concept involves individuals exchanging, redistributing, renting, sharing, and donating information, goods, and talent, either by organizing themselves or via commercial organization on social media platforms.

The analysis presented in this chapter is inspired by the collaborative economy description presented by Dredge and Gyimóthy (2015). In this description, the exchange of gifts, goods, skills or time among people takes place in different forms across the world. For instance, the mechanism of barter has existed for millennia (Mauss, 1922/1990; Humphrey, 1985; Derrida, 1992), but the global development and widespread uptake of Internet technologies has increased the range of sharing activities, and has permeated the lives of people even though they are not necessarily in geographical proximity. As a result, a broad meaning of the collaborative economy has been adopted in this chapter. According to Dredge and Gyimóthy (2015), the collaborative economy is not only a matter of consumption and production, but it also allows connections between people facilitating better use of skills and goods through Internet technologies (Stokes, Clarence, & Rinne, 2014).

The intention of this chapter is to move beyond the “good” collaborative economy [e.g., altruistic visions of the sharing economy expressed by Botsman and Rogers (2010, 2011)] and the “bad” collaborative economy (critiqued by some community activists and critical scholars as leading to inequality, marginalisation and unfair labour practices). In particular, the chapter asks whether social technologies can unlock hidden wealth by using a community (collaborative) currency. What is the social role of collaborative currencies in reshaping asymmetric market relations towards more symmetric ones? Are there any social, economic and environmental impacts of the sharing economy that emerge from a network of small enterprises cooperating together?

The empirical case for exploring such questions is Sardex, a community currency system which involves 2900 small firms located in Sardinia (Italy), and which is rapidly growing in terms of both members and revenue. The study investigates the role of social values embedded in the Sardex system as a means of fostering collaborative economy and innovative processes, and it pays particular attention to Sardex tourism firms.

The theoretical framework for this study is located in the nexus between the collaborative economy and social entrepreneurship. Particular attention is given to the conceptualisation of social entrepreneurship and how the collaborative economy intersects with this growing sector. Three main research questions form the focus of this study: (1) Is Sardex a social enterprise within the collaborative economy? (2) To what extent are the mechanisms of the Sardex network modifying firms’ missions and strategies to incorporate collaborative economy practices while also bringing in and shaping entrepreneurs’ social values? (3) In which ways is the Sardex network a sharing community based on collective and individual interests aimed at achieving sustainable goals? By examining these questions, the chapter adds theoretical and practical insights into the collaborative economy in general, and community currencies as a form of collaborative economy, in particular.

The research design is based on a literature review of both collaborative economy and social entrepreneurship in order to better contextualise the topic under investigation. It adopts a qualitative exploratory approach to uncover the overlap between the collaborative economy and social entrepreneurship. The field research involved observations and in-depth interviews with representatives of the Sardex company and tourism entrepreneurs who are members of the community currency circuit. The field research was conducted in Sardinia, Italy, during the period March–October 2015.

The chapter is broken into the following sections: First, a conceptual framework of social entrepreneurship is developed. Second, the case study of Sardex is introduced (the story; the creation of its social value; social innovation in entrepreneurship; creation of new markets/consumers; management implications; etc.) and a focus on Sardex' tourism entrepreneurs is adopted. In the conclusions, some key observations about the contribution of Sardex within the collaborative economy are highlighted.

2 The Multifaceted Meanings of Social Entrepreneurship

The topic of social entrepreneurship is becoming increasingly popular among researchers, as Granados, Hlupic, Coakes, and Mohamed (2011) show in their bibliometric analysis. Although literature on social entrepreneurship reveals several attempts at definition (Dacin et al., 2010), there is wide acknowledgement that it is a contested concept and no unifying theoretical framework has yet emerged (Choi & Majumdar, 2014). In fact, as Dees (1998) points out, the concept of social entrepreneurship means different things to different people, but the same claim can be applied to the concept of entrepreneurship, which also lacks a unifying paradigm (Shane & Venkataraman, 2000).

Within their attempt to conceptualise social entrepreneurship, Mair and Martí (2006) observe that one view is that social entrepreneurship involves not-for profit initiatives in search of alternative funding strategies or management schemes, such as those described by Austin, Stevenson, and Wei-Skillern (2003) and Boschee (1998). A second perspective links social entrepreneurship to socially responsible practices in commercial businesses engaged in cross-sector partnerships (e.g., Sagawa & Segal, 2000; Waddock, 1988). A third perspective, which is adopted in this chapter, considers social entrepreneurship as a tool to alleviate social problems and catalyse social transformation (Alvord, Brown, & Letts, 2004).

Mair and Martí define social entrepreneurship as:

... a process of creating value by combining resources in new ways (...) these resource combination are intended primarily to explore and exploit opportunities to create social values by stimulating social change or meeting social needs (...) and when viewed as a process, social entrepreneurship involves the offering of the services and products but can also refer to the creation of new organizations (Mair & Martí, 2006: 37).

While Mair and Martí (2006) stress the creation of social value and action for social change/or addressing social needs, Peredo and McLean (2006: 64) state that:

...social entrepreneurship is exercised where some person or group: (1) aim(s) at creating social value, either exclusively or at least in some prominent way; (2) show(s) a capacity to recognize and take advantage of opportunities to create that value (“envision”); (3) employ (s) innovation, ranging from outright invention to adapting someone else’s novelty, in creating and/or distributing social value; (4) is/are willing to accept an above-average degree of risk in creating and disseminating social value; and (5) is/are unusually resourceful in being relatively undaunted by scarce assets in pursuing their social venture.

Important in Peredo and McLean’s (2006) definition, is that it incorporates both individual entrepreneurs/groups and teams of entrepreneurs, while earlier definitions framed the social entrepreneur as an individual (e.g. Waddock & Post, 1995).

Social entrepreneurs are innovators just as other entrepreneurs. According to the studies of their personality traits summarized in Peredo and McLean (2006), they are also characterized by special traits (Drayton, 2002) including special leadership skills (Thompson, Alvy, & Lees, 2000); a passion to realise their vision (Bornstein, 1998); and a “strong ethical fiber” (Drayton, 2002: 124). Social entrepreneurs place attention upon the creation/sharing of social value that contributes to the welfare or well-being of a given community (Peredo & Mclean, 2006), and they seek to achieve this using either profit or not-for-profit goals.

Short, Moss, and Lumpkin (2009) move from the process of value creation in entrepreneurship to extend the concept into the realm of social entrepreneurship. They emphasize cross-disciplinary scholarly collaboration and underline the need to establish clear boundaries in the social entrepreneurship framework through a variety of established theoretical lenses. For instance, a conceptual improvement in social entrepreneurship “may provide a context for integrating strategy and entrepreneurship research by enhancing understanding of how organizations simultaneously create social value and achieve competitive advantages” (Short et al., 2009: 173).

Dacin et al. (2010) suggest the adaptation of theories from existing entrepreneurship literature. In their view, efforts to delineate social entrepreneurship as a separate theoretical domain can downplay the potential benefits of drawing from a wider entrepreneurship context. By gathering 37 definitions of social entrepreneurship, Dacin et al. (2010) identify four key factors related to social entrepreneurship: the characteristics of individual social entrepreneurs, their operating sector, the process and resources used by social entrepreneurs, and the primary mission and outcomes associated with the social entrepreneur. Regarding the characteristics of the social entrepreneurs, in the view of these authors, there are many commonalities with entrepreneurship, including types of actors, e.g. conventional agents [who act under new ideas in order to create successful innovation (Schumpeter, 1934)]; institutional agents [who mobilise resources to influence or change institutional rules, to support or destroy an existing institution or establish a new one (DiMaggio and Powell, cited in Dacin et al., 2010)]; and cultural agents [who identify opportunities or act in order to create social, cultural or economic value (DiMaggio, 1982; Wilson & Stokes, 2004)].

In Dacin et al.'s (2010) perspective, significant traits that can help to understand the distinctive nature of social entrepreneurs are *mission*, and *processes and resources*. Briefly, the mission is based on the generation of social values in which the primary goal consists of social change/well-being of shareholders or stakeholders; processes and resources are seen in terms of relational, cultural and institutional resources and associated tension, such as resistance to change. Relational resources, such as social capital and social skills, are the key elements of an actor's social network and these include abilities in social interactions, established networks of formal and informal societal ties, and access to communication channels and networks (Robinson, 2006). An interesting specification that can provide useful insights for the Sardex analysis is observation by Dacin et al. (2010) that:

... (t)he existence of a social network in and of itself might be considered valuable, but the real value is created by the unique relationship formed between the social entrepreneur and the network members. It is the interaction between internal organizational human resources and culture and the elements of the social network that generates an advantageous resource (p. 49).

Short et al. (2009) point out that in Peredo and Chrisman's (2006) work there is an interesting attempt to bring new meanings into the social entrepreneurship domain by extending research to develop the concept of community-based enterprise (CBE). In fact, Peredo and Chrisman (2006) combine traits from commercial entrepreneurship, anthropology and social network theory to explain how community-based enterprises may differ from the standard definition of entrepreneurship. They define community-based enterprise as "a community acting corporately as both entrepreneur and enterprise in pursuit of the common good. CBE is therefore a result of a process in which the community acts entrepreneurially to create and operate a new enterprise embedded in its existing social structure" (Peredo and Chrisman, 2006: 310). These authors focus on local communities that create collective business ventures in which their own members act together corporately and collaboratively to achieve social, economic, environmental and cultural goals simultaneously. They see CBE as an unconventional form of entrepreneurship based on collective and individual interests where considerable social capital exists as a result of community culture and a process of social collective learning. This community concept refers to an aggregation of people that share a geographical location, common culture, and relational characteristics. Although Peredo and Chrisman's (2006) work is mainly focussed on the benefits of CBE in less developed countries, the concept of community as enterprise may be implemented in developed economies. It is here that the concept of CBE and collaborative economy come together.

In addition to this brief overview on social entrepreneurship, there is a meaningful point to take into consideration. Social entrepreneurship is more likely to occur where there are significant socioeconomic, cultural or environmental problems that traditional markets have not been interested in addressing because there is a lack of institutional support and/or individual interest in facilitating the development of social ventures (Dacin et al., 2010; Peredo & Chrisman, 2006).

In this chapter, social entrepreneurship is mainly inspired by the views of Dacin et al. (2010). The case of the Sardex network (the company in itself, and the network's membership) is analyzed through the *characteristics* of individual entrepreneurs; the *process and resources* used by them with particular emphasis on relational resources; and their *mission* and *outcomes*. Drawing from Mair and Marti's (2006) conceptualization, it suggests the need to explore the *social value creation process* within the Sardex network, and its contribution in terms of *social change*. Although many authors stress the need for attention to the role of innovation as a distinctive factor in entrepreneurship as well as in social entrepreneurship, this research echoes Peredo and McLean's (2006) suggestion to show the ways by which innovation is employed in the case of Sardex.

3 The Case of Sardex.Net

Sardex is a system of mutual credit that mainly supports B2B interactions between firms on the island of Sardinia (Dini & Kioupiolis, 2014; Littera, Sartori, Dini, & Antoniadis, 2014; Melis, Giudici, & Dettori, 2013). The system, is based on the LETS model (see Table 1), and uses a complementary electronic currency named sardex, where each sardex corresponds to one euro. Sardex is also the name of the community currency company that was established in 2009 by a group of young friends who grew up in a small village of Sardinia, Serramanna, where the company set up its headquarters. In 2007, and while living and working in Germany, two of the five core team of members of Sardex were favourably intrigued by the precursor of LETS, the WIR model, an independent complementary currency managed by the WIR Bank in Switzerland (see Table 1). They were attracted by the larger geographical reach and turnover of the WIR relative to other community currencies examples that they had examined (Dini & Kioupiolis, 2014). Their idea was to implement a similar system in Sardinia as a tool to alleviate the impacts of the financial crises that, in a few years, had deeply affected the Sardinian economy.

Before the case is outlined, it is essential to mention the main socio-economic features of Sardinia. Sardinia has a land area of 24,000 km², and a coastline of almost 1900 km. It has a resident population of 1.6 million, resulting a low population density of 68 inhabitants per km². Politically and administratively, Sardinia is one of the 20 regions of Italy, but it has its own culture, identity, traditions and language that are substantially different from other regions (Cannas & Giudici, 2015). Sardinia's GDP (€17,700 per capita) is 30% less than the Italian GDP (€26,500 per capita); the unemployment rate increased from 9.8% in 2008 to 18.6% in 2014 (CRENOS, 2015), and the youth unemployment rate is 54% whereas the Italian rate is 40.5% (ISTAT, 2015) and the European Union rate is 20.4% (Eurostat, 2015a). More critically perhaps, the issues threatening Sardinian social capital and social sustainability include emigration of young people (11,000 left Sardinia between 2009 and 2013 (CNA, 2015)), among them early leavers from education and training: Sardinian indicator is 24.7% (CRENOS, 2015) while the

Table 1 Distinctions among types of community currencies

	Origins	Characteristics	Source
WIR	<p>WIR was founded in 1934 by a small group of Swiss entrepreneurs as a means to counteract the financial crisis of the interwar period. WIR was initially named the “Wirtschaftsring-Genossenschaft” (free economic circle cooperative) until it changed its name to the WIR Bank in 1998. WIR aimed at reducing underutilised capacity through a cashless barter system</p>	<p>WIR operates like a bank. The unit of account of the WIR-franc is the Swiss franc; one WIR-franc equals the value of one Swiss-franc WIR charges a 1% fee for each transactions In WIR a member’s negative balance is a debt towards the central credit clearing house (WIR Bank)</p>	<p>Studer (1998) and Stodder (2009)</p>
Local Exchange Trading System (LETS)	<p>LETS are community-orientated trading networks which aim to develop and extend the exchange of goods and services within a group, re-localising the provision of goods and services LETS was promoted by Michael Linton in the early 1980s in Vancouver (Canada) as a response to the local economic depression Hundreds of LETS are spread around the world</p>	<p>LETS currencies have three distinctive features: (1) their use is normally restricted to members of the local scheme; (2) no interest is charged on debits, nor paid on credit; and (3) the currency is created only through the exchange of goods or services, not issued by a central authority In LETS a member’s negative balance is a debt towards the community</p>	<p>Lee (1996), Pacione (1997), Schraven (2000), Schroeder, Miyazaki, and Fare (2011) and Aldridge and Patterson (2002)</p>
Sardex.net	<p>Since 2009 Sardex is a LETS model located in Sardinia (Italy) aimed at pursuing economic and social goals. The members are around 2900 Sardinian SMEs. Sardex is promoting new affiliated circuits in other eight regions of Italy</p>	<p>Sardex is modelled on the WIR but uses only an electronic LETS-like system of credit and debt accounting for any size transaction. Instead of charging a fee for transactions such as WIR, Sardex charges a yearly membership fee that depends on the firm’s size Sardex offers not only an internet platform for transaction, but also a team of brokers available by phone, and arrange periodic meetings with members. Frequent face-to-face relationships is its own distinctive and successful <i>modus operandi</i></p>	<p>Dini and Kioupiolis (2014), Melis et al. (2013), Littera et al. (2014), and Dini, van der Graaf, and Passani (2015)</p>

Italian percentage is 15% and 11.2% is the share in the European Union (Eurostat, 2015b). Although Sardinia is the second largest island in the Mediterranean, the tourism industry lacks competitive products and effective branding strategies. Tourism represents less than 9% of the Sardinian GDP, and the domestic seaside market is still predominantly concentrated in coastal areas and in summertime.

Sardex is defined by Dini and Kioupkiolis (2014) as a company for-social-benefit. As these authors explain, the model of a for-profit company was chosen over a non-profit cooperative because the latter is perceived as “left-wing” in Sardinia, and therefore risky in a region where politics is even more polarised than in the rest of Italy. The founders felt that this could have hampered average businesses in joining Sardex. The Sardex Ltd. bylaws dictate that all profit is to be reinvested in the company.

3.1 Characteristics of Entrepreneurs

The Sardex founders thought that a complementary currency network could positively impact on the Sardinian economy. Their business idea was not only new in Sardinia but also in the rest of Italy. The founders believed that something meaningful, possibly in terms of a collective or community-like effort, had to be done. The Sardex network is based on the social relations of the founders and their shared vision; it is based in both kinship and childhood friendship, and they have worked together on the business and in their political efforts. In this same spirit they involved Sardex members. Among the founders, none had a background in economics or computer science, nor did they have any training in finance: “the group of arts students planned a new currency for their island. It seemed absurd: they had little financial or IT experience, no MBAs and no investor, only the outline of an idea”, says Posnett (2015) in the *Financial Times*. Looking back, the founders believed that their lack of training helped them to be creative in developing their business and in building their own knowledge. Only one of the four core members had any previous experience in running a business, such as an advertising and market consultancy (Littera et al., 2014). Therefore, the commitment to learning was high and their attitude to learning remains a distinct trait in their *modus operandi*.

3.2 Corporate Mission and Values

At the beginning of their activity, the Sardex’ founders had to face cultural barriers to the business models represented by the LETS and WIR models (Blanc, 2011; Collom, 2011; Schroeder et al., 2011; Williams, 1996) which are based on paying for and receiving goods and services through a non-state currency system. It was very difficult to break the wall of scepticism of local entrepreneurs, since trust is the

backbone of the Sardex system. This critical issue has been acknowledged: “rather than adopting the perspective of distant activists or outsiders that aim at social change while never leaving their comfort zones, the whole team wanted to provide a service through creating an employment opportunity for themselves and others” (Littera et al., 2014: 4). Indeed they were determined to subvert the ancient spell inherited from the time of Spanish rule that Sardinians are “few, crazy and disunited” into a new motto: “many, smart and moving together”.

The Sardex corporate philosophy emerged clearly in the beginning of its start-up phase where the social value footprint shaped the business’s creation. As the founders point out “we studied so much and we saw that there were possibilities to manage the credit system by the members’ behaviour based on values such as reciprocity, mutual support, and human relationship, as the main push to creating economic development”. Three years along, the Sardex team faced difficult obstacles including the entrepreneurs’ own vision of what a network was: “they perceived networks generally speaking as counterparts instead of part of each other. They believed that the Sardex network should have instantaneously brought clients without any effort, by just being in it”, said one founder.

Another critical issue they tackled regarded cooperative attitudes and the strength/presence/absence of ties among entrepreneurs: “Sardinian people do not adopt collaborative working models, but we know that sharing attitudes pertain to small circles, such as families, so that we decided to shape the Sardex network on a family based model. Sardex is like a family that helps you [entrepreneurs] when you need help, and we operate like parents who seek to bring their own kids together”. The founders underline their attitude of being stubborn and resilient. They understood they have to conquer entrepreneurs’ trust day-by-day, by spending time within the entrepreneurs’ working place at any time of the day. The topics of their conversations focused not only on the mechanisms of the community currency and how the entrepreneurs might interact with it, but also on entrepreneurs’ market strategies related to their own business. The Sardex founders recognised that they needed time to identify the right strategies to involve local entrepreneurs and build strong relationships with them, which were, and still are, based on trust and human ties that often overcome the boundaries of simple working connections. The model of Sardex as a cohesive family network of small and medium enterprises confronted the credit crisis and the difficulty of being insular entrepreneurs, transcended these issues, and became successful.

Sardex is also seen as a laboratory for innovation, a network that promotes continuous improvements following the ability of social entrepreneurs to be engaged in a process of continuous innovation, adaptation, and learning (Dees, 1998). The Sardex team organises an annual event named, Sardinian, “Mitzas” (Springs for the change) which is much more than a simple 3-day workshop. By adopting a talk- show formula, the Sardex team develops open dialogue among academics, entrepreneurs, business consultants, and policy makers, aimed at engaging discussions with different stakeholders and merging innovative ideas. Mitzas is a well-known event that also represents a sort of network celebration for Sardex members for sharing their pride and awareness about their achievements and future activities.

3.3 *Resources and Process*

As discussed above, Sardex is inspired by the WIR model, but uses only an electronic (digital) LETS system of credit and debt for any transaction size. The credit unit is not convertible into any other currency and it can only be spent and acquired through economic participation in the network. Instead of charging a fee for transactions, Sardex charges a yearly membership fee that depends on the firm's size (between €200 for small enterprises and €3000 for large companies). Operatively speaking, the Sardex network is based on a digital platform. Since its inception, the Internet has played a crucial role both in facilitating the exchange of information and in providing the backbone of the circuit's infrastructure. [Sardex.net](#) is the online platform that mediates economic interactions and complements the social face-to-face interactions, and enables the network to scale up to the whole island. The network is also the means to support interactions between members who do not know each other through other channels. By the network service provider, Sardex delivers a wide range of services such as brokering, business networking events, community management, online services, and helpdesk. As one founder observed in the interview "Sardex offers for free the extension of its sales and purchases unit to its members and this opportunity can change their entrepreneurial organisational models... The small entrepreneur cannot bear the cost of any marketing operator within its business, but thanks to Sardex this can be possible".

The circuit works along this simple mechanism: each firm has an account which begins at zero, earning digital currency as it offers goods or services to others in the network. Companies may go into debt but only up to a certain limit, determined by what they can offer other participating firms. By using a centralised system the Sardex administrators track member firms' transactions, occasionally nudging the network to ensure its stability: "we operate to rebalance the members' accounts in order to keep the circuit healthy and alive, as the stationary credits affect not only the single entrepreneur, but also the whole community" says one founder. Often the members are the main ambassadors of the circuit by bringing their own suppliers into it and promoting the network's development, because they really believe the claim "you are the circuit". The sentiment to which any individual feels part of the whole community is quite diverse: "While buying in a shop, any customer who shows their Sardex card to pay, immediately creates a bond with the seller, and then they share information, and stories (...) Sardex is like a sharing world. The entrepreneurs are now aware that only by practicing collaborative strategies can they survive" say the founders.

The firm's recruitment process for Sardex membership is mainly fostered by two factors: (1) the marketing strategy of the Sardex team and (2) word-of-mouth among entrepreneurs. The former adopt tools such as periodic meetings to gather potential and actual members at the local level: "we understood we cannot only be a virtual community provider based on Internet, but we needed face-to-face relations by meeting with people in their own places" say the Sardex founders. The direct

relations between the Sardex team and Sardex members is the backbone of the [Sardex.net](#)'s success. The motto "in Sardex we trust" (Littera et al., 2014: 12) illustrates members' attitudes towards being the principle promoters of the circuit to potential members through word of mouth.

3.4 From Goals to Outcomes

The founders set up the Sardex service provider, which is also a company and a network of SMEs, to reach the following goals: to enable proximity-based and trust-based relationship building; to foster economic empowerment in and of Sardinia; to create a resilient community; and to define a more equitable environment for trading (Littera et al., 2014). As Posnett (2015: 1) points out, "their hope was that the project would give them a job in the place where they had grown up. But six years later it has turned into a symbol of local action, spreading to create a new network of thousands of businesses". Until in 2010, hundreds of Sardinian firms rejected the idea of joining the circuit, however, currently [Sardex.net](#) includes around 2900 SMEs, which generated over €38 million in business transactions in 2014. [Sardex.net](#) is also replicating similar systems in seven regions of Italy, using local networks following the [Sardex.net](#) principles and sharing the same software infrastructure and governance.

Sardex is not only a local/Italian phenomenon, but also a business model present within other localities. Digipay4growth is a European project co-funded by the European Commission (2014) that brings together Sardex and the Sardinian Governmental Authority and other private and public bodies including Bristol in United Kingdom and Catalan authorities in Spain. The project involves governments, SMEs and consumers and expenditures are made through a digital payment system that stimulates economic growth and job creation by increasing sales and access to credits for SMEs.

4 Building Collaborative Entrepreneurship Within the Sardex's Tourism Firms

Currently there are 195 tourism firms listed in [Sardex.net](#) that generate around 15% of Sardex's transactions. Sardex's tourism entrepreneurs are spread all over Sardinia, with the highest concentration in the main Sardinian city, Cagliari. A panel of ten tourism entrepreneurs who operate accommodation facilities (e.g., hotels and bed and breakfast establishments), food and beverage outlets, cultural events, and tour operator services were interviewed for this research (See Table 2). These interviews explored the entrepreneurs' characteristics, their values shared through

Table 2 Sardex tourism firms per type of activity

Entrepreneurial activity	N°
Agritourism	13
B&B	12
Bar, gelateria, paninoteca	20
Restaurant	82
Hotel	51
Pizzeria	7
Residence	5
Pub	5
Total	195

Source: Sardex.net, Marketing & Communication Office, November 2015

the circuit, the internal/external changes in businesses' resources and processes that occurred through their Sardex membership and their business outcomes.

4.1 Entrepreneurs' Characteristics

The tourism entrepreneurs of see themselves as innovators, dreamers, and human relations-oriented entrepreneurs. In fact, one of them said: "I am a dreamer, I like realizing dreams. My business philosophy is to create development (...) What I really like is creating innovative projects. I define myself as a man of relations". Another entrepreneur underlined his inclination to walk the unbeaten path: "I approach any business in terms of continuous innovation, I seek to undertake paths that are unusual. This is my philosophy". Entrepreneurs enthusiastically joined Sardex because they perceived the community network as an extension of their own business, as well as of their relational sphere: "I have the sensation of belonging to an amplified sharing network: if the circuits goes well and feels good, then all of us feel well", said one entrepreneur.

While interviewing Sardex entrepreneurs, an exploration was made of the individual's profile "before" and "after" joining the circuit. In other words, the interview investigated the change occurring in entrepreneurs' attitudes as a result of their Sardex's membership. Their answers were quite homogenous: they mirror themselves in Sardex.net. In some cases, relationships that arose through the circuit have directly impacted on their mindset by fostering new stimuli: "My business group has grown up considerably. I graduated while working, and recently I became student in business economics at the University of Cagliari. As I run many companies, and work with managers who are studying postgraduate courses, I need to study too", says one entrepreneur who runs accommodation facilities and restaurants employing 45 people in his group.

Another interesting point regards the entrepreneurs' attitudes to joining other collaborative networks, such as World Wide Opportunities on Organic Farms (WWOOF) and Bartercard: one hotelier manager stated, "I cannot say that Sardex changed my mind, but I found it absolutely coherent with my own philosophy".

4.2 *Sharing Values*

Tourism entrepreneurs fully recognize the social value of [Sardex.net](#). The community currency was considered a community based on reciprocal help and characterized by friendly relationships: "When I have to go to bank I feel frustrated because for bankers I am just a number not a person, and most of the time (I am) a nuisance; on the contrary when I meet the Sardex team I feel comfortable as I meet friendly people" observed one entrepreneur. The network is also seen as a co-working space based on trust, honesty and loyalty values, and it is here that Sardex grounds its high reputation.

There is a general agreement among the interviewees that Sardex membership is driven to a large degree by economic and social reasons: "Sardex worked like an oxygen tank amidst the asphyxiating financial crisis," says a tourism entrepreneur. Sardex membership was also a question of being dead or alive for such firms, but thanks to Sardex they are still on the market. As one interviewee says, "I know entrepreneurs who kept running restaurants just because they have been fished out through Sardex". As explained in the previous section, the Sardex philosophy is based on supporting firms, and particularly those that experience difficulties (e.g., in cash shortage, decreases in sales, etc.).

Likewise, [Sardex.net](#) entrepreneurs adopt a philosophy of mutual help by transacting within the firms' circuit: every day, entrepreneurs organise meetings, eat in restaurants, or they need accommodation for business reasons. Due to their membership, they choose to purchase services in sardex within the Sardex network. The lower costs rule is not the main reason which supports the Sardex' transactions. Sardex is not a "discount community currency". Through the circuit, entrepreneurs sell by the full price of goods/services they trade, as any other Sardex client/supplier, but thanks to Sardex membership they gain extra money by increasing clients, partners and turnover. More than this, Sardex membership incorporates both economic and social benefits: "I choose Sardex restaurants, because I both share relations and I help people like me to keep running their own businesses" says one interviewee.

Participating in the Sardex network means to belong to a social community of entrepreneurs who not only share similar problems, such as the banks' refusal to finance their efforts to improve or save their businesses, but also a communal sense of pride. When Sardex gets visibility in national and international arenas, e.g., in articles in the *Financial Times* (Posnett, 2015) or academic papers by the London School of Economics (Dini & Kioupiolis, 2014; Littera et al., 2014) and Yale

University (Iosifidis, Charette, Littera, Tassiulas, & Christakis, 2015), each member feels like they are taking part in a play on that same stage.

4.3 *The Change in Resources, Processes and Outcomes*

The Sardex community currency also activates an important process: each of the 2900 entrepreneurs exchange Sardinian products and services within the network. In doing so, Sardinian entrepreneurs foster local businesses and reinforce the regional economy. Within the Sardinian tourism sector one of the most critical points is with regards to the lack of local/regional supply chains, for instance between hoteliers and the food industry. Due to their Sardex membership, 195 tourism firms embrace the same philosophy by establishing ties with other Sardinian suppliers and customers, and partially reshaping their stakeholders' portfolio: part of their businesses is based on Sardex currency which implies that suppliers' and consumers' choices are driven by community-based values.

The tourism entrepreneurs highlight that their business turnover has increased thanks to Sardex, a fact also pointed out by Dini and Kioupkliolis (2014) who estimated an average of +10%. The reason suggested is because they acquired new clients and new opportunities. One interviewee says "Thanks to Sardex I increased customers, I get new distribution channels, and I pay workers in Sardex"; another one says "Sardex gave me an extra arm, I carried out projects that I could never accomplished such as the development of my product". Due to the network's membership, tourism entrepreneurs who manage accommodation facilities increased their domestic customers also during the low season. Although the number of tourism firms is not so high (when this study started in March, there were 150 firms in Sardex and seven months later there were 195), opportunities to increase tourists may be derived through the other Italian networks. Put simply, new, similar networks mean new potential markets, facilitated by the fact that Sardinia is a well-known and desired destination particularly among Italian tourists.

Another point that has been highlighted during the interviews is with regards to the crucial role of intangible elements, such as the relations generated by [Sardex.net](#). Tourism entrepreneurs are fully conscious of the opportunities that have arisen as a result of the network in which people, and social capital more accurately, are the main wealth. Explicitly or implicitly, Sardex.net activates relationships among entrepreneurs. It goes beyond monetary transactions by developing and sharing new concepts not only for business purposes but also by social value creation. For example, an entrepreneur who manages restaurants and accommodation facilities is developing alternative forms of payments for his restaurant, and in the near future his customers will pay by barter. He says "If you eat in my restaurant you might pay me in goods instead of money. The most beautiful thing in doing business, is to develop relationships (. . .) What I really like in Sardex is the fact that the circuit commits you to care for your suppliers and customers, because if you do poor work, the circuit works badly as a consequence. You do not think in the

same way if you transact by euro". Being an innovation that mixes sharing economy and a community-based value system, Sardex stimulates a non-monetized form of exchange that brings together economic and social needs. In other words, as explained by interviewees, Sardex combines "sharing and caring" (Ranchordás, 2015).

5 Conclusions

The Sardex community currency is a collaborative economy innovation built on a foundation of social entrepreneurship. It is based on social values such as trust, reciprocity, mutual support and human relationships wherein the culture of collaboration among members plays a crucial role. The Sardex entrepreneurs trade in products and services among themselves through a virtual coin which is more than a simple monetary tool. In certain ways, Sardex exemplifies community-based entrepreneurship in which members share similar visions and aims that go beyond pure commercial purposes. They cooperate together against the effects of financial crises, such as the lack of money for lending; they aim to create new jobs and preserve employment; and they ensure that local people can live and grow up with their children in the small towns of Sardinia, which, until this point, have been seriously affected by out-migration. As a result, the Sardex community can also be considered as an agent of social action and change.

The Sardex community currency also operates and affects tourism activity. By adopting collaborative strategies among the tourism entrepreneurs local ties are created and consolidated. Not only is extra revenue generated but this exchange system also has positive socio-economic effects on the Sardinian community. In fact, the Sardex network promotes local supply chains between hoteliers, restaurateurs and other tourism operators, and it creates virtuous circles of trust among entrepreneurs. As a tangible effect, Sardex generates a significant volume of transactions within Sardinian businesses, with regards to both supply and demand. In relation to the former, Sardex promotes local consumption by promoting local Sardinian supply chain relationships, such as in the agribusiness, and it implements shorter supply chain practices. With regards to consumption, Sardex also contributes to capturing new opportunities derived by growth in domestic tourism. Considering its more intangible effects, Sardex promotes connections among dispersed entrepreneurs who enhance their own businesses and create new ones through non-hierarchical relationships. Generating relationships and stimulating social cohesion are precious values on an island like Sardinia, characterized by unsustainable socioeconomic conditions including the loss of social capital due to the emigration of young and skilled people.

Although a collaborative community currency like the Sardex is not a panacea against international financial crises or Sardinia's socio-economic problems, it offers clear support to small businesses that fight every day to survive. By adopting social technologies, asymmetric market relations are being reshaped including, for

example, bank-customer relations, as well as tourism relationships between Sardinia and the rest of Italy. Moreover, Sardex is expanding its business model to the Italian peninsula, so that new affiliate community currencies will be opening soon, and it is collaborating with other European organisations to develop broader economic perspectives.

Contrary to potential criticisms that sharing economy practices fall into the ‘invisible’ economy, Sardex is monitored by the Bank of Italy and the Inland Revenue Authority. No critical issues have emerged regarding tax evasion because Sardex’ transactions are trackable, and the circuit fully respects the law. Although the Sardex community currency presents features that demonstrate many positive effects of a collaborative tourism economy based on social entrepreneurship, further investigation is required to extend understandings of the benefits of sharing. For example, more research is needed on the co-marketing strategies, or new business creation processes that have arisen within the tourism enterprises of Sardex and those of similar circuits in the rest of Italy.

Furthermore, considering that face-to-face relationships are one of the key success factors of the Sardinian circuit, this may be altered by the growth of the business and its extension to the rest of Italy. For example, while the leadership team is still made up of the five founders, the growth of Sardex could potentially affect the ‘sharing and caring’ ethos that is the cornerstone of the initiative. Another challenging point regarding the expansion and upscaling of a very local business model into a national one is that the Sardex founders are local—they are fully integrated within their socio-economic context in which they work and they share common values. Through Sardex they have shaped a distinctive business model in which knowledge and social capital are essential. They have created the new circuits of commerce for Sardinia, by tightly interlinking local communities and their own social values. Maintaining this could be a future challenge.

References

- Aldridge, T. J., & Patterson, A. (2002). LETS get real: Constraints on the development of local exchange trading schemes. *Area*, 34(4), 370–381.
- Alvord, S. H., Brown, L. D., & Letts, C. W. (2004). Social entrepreneurship and societal transformation. *Journal of Applied Behavioral Science*, 40(3), 260–282.
- Austin, J., Stevenson, H., & Wei-Skilleen, J. (2003). *Social entrepreneurship and commercial entrepreneurship: Same, different, or both?* Working paper series no. 04–029, Harvard Business School.
- Blanc, J. (2011). *Classifying CCs: Community, complementary and local currencies, types and generations*. LEFI (Laboratoire d’économie de la firme et des institutions), Lyon University.
- Bornstein, D. (1998). Changing the world on a shoestring. *Atlantic Monthly*, 281(1), 34–39.
- Boschee, J. (1998). *Merging mission and money: A board member’s guide to social entrepreneurship*. Retrieved from <http://www.socialent.org/pdfs/MergingMission.pdf>
- Botsman, R., & Rogers, R. (2010). Beyond Zipcar: Collaborative consumption. *Harvard Business Review*. Retrieved from <https://hbr.org/2010/10/beyond-zipcar-collaborative-consumption/>
- Botsman, R., & Rogers, R. (2011). *What’s mine is yours: How collaborative consumption is changing the way we live*. New York: Harper Collins.

- Cannas, R., & Giudici, E. (2015). Tourism relationships between Sardinia and its islands: Collaborative or conflicting? In G. Baldacchino (Ed.), *Archipelago tourism: Policies and practices* (pp. 67–81). Farnham: Ashgate.
- Choi, N., & Majumdar, S. (2014). Social entrepreneurship as an essentially contested concept: Opening a new avenue for systematic future research. *Journal of Business Venturing*, 29, 363–376.
- CNA (Confederazione Nazionale Artigiani) (2015). *Sesto rapporto sulle imprese artigiane della Sardegna*. Cagliari, Italy: CNA.
- Collom, E. (2011). Motivations and differential participation in a community currency system: The dynamics within a local social movement organization. *Sociological Forum*, 26(1), 144–168.
- CRENOS (Centre for North South Economic Research). (2015). *Economia della Sardegna. 22° Rapporto 2015*. Cagliari, Italy: CUEC.
- Dacin, P., Dacin, M. T., & Matear, M. (2010). Social entrepreneurship: Why we don't need a new theory and how we move forward from here. *Academy of Management Perspectives*, 24(3), 37–57.
- Dees, J. G. (1998). *The meanings of "social entrepreneurship"*. Stanford University, Draft Report for the Kauffman Center for Entrepreneurial Leadership, 6 pp.
- Derrida, J. (1992). *Given time I. Counterfeit money*. Chicago: University of Chicago Press.
- DiMaggio, P. J. (1982). Cultural entrepreneurship in nineteenth-century Boston. *Media, Culture and Society*, 4, 33–50.
- Dini, P., & Kioukiolis, A. (2014). *Community currencies as laboratories of institutional learning: Emergence of governance through the mediation of social value*. Conference Item, LSE (London School of Economics and Political Science). Retrieved from <http://eprints.lse.ac.uk/59307/>
- Dini, P., van der Graaf, S., & Passani, A. (2015). Socio-economic framework for BOLD stakeholders. OpenLaws.eu Deliverable D2.3.d1, European Commission. Retrieved from <http://eprints.lse.ac.uk/62819/>
- Drayton, W. (2002). The citizen sector: Becoming as entrepreneurial and competitive as business. *California Management Review*, 44(3), 120–132.
- Dredge, D., & Gyimóthy, S. (2015). The collaborative economy and tourism: Critical perspectives, questionable claims and silenced voices. *Tourism Recreation Research*, 40(3), 286–302.
- European Commission. (2014). Digipay4Growth. Project funded by CIP Competitiveness and innovation framework programme (CIP) (2007–2013). Retrieved from http://cordis.europa.eu/project/rcn/191828_en.html
- Eurostat. (2015a). News release euro indicators, 174/2015. Retrieved from <http://ec.europa.eu/eurostat/documents/2995521/6976371/3-01092015-AP-EN.pdf/>
- Eurostat. (2015b). Early leavers from education and training by sex. Retrieved from http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=t2020_40&plugin=1
- Granados, M. L., Hlupic, V., Coakes, E., & Mohamed, S. (2011). Social enterprise and social entrepreneurship research and theory A bibliometric analysis from 1991 to 2010. *Social Enterprise Journal*, 7(3), 198–218.
- Heinrichs, H. (2013). Sharing economy: A potential new pathway to sustainability. *GAIA*, 22(4), 228–231.
- Humphrey, C. (1985). Barter and economic disintegration. *Man*, 20, 48–72.
- Iosifidis, G., Charette, Y., Littera, G., Tassioulas, L., & Christakis, N. (2015, September 23). *Network analysis of the Sardex Community currency*. Yale University, Day of Data, Paper 4. Retrieved from <http://elischolar.library.yale.edu/cgi/viewcontent.cgi?article=1066&context=dayofdata>
- ISTAT (Italian Institute of Statistics). (2015). Noi Italia. Youth unemployment rate. Retrieved from http://noi-italia2015.istat.it/index.php?id=7&user_100ind_pi1%5Bid_pagina%5D=192&P=1&L=0
- Lee, R. (1996). Moral money? LETS and the social construction of local economic geographies in Southeast England. *Environment and Planning A*, 28, 1377–1394.
- Littera, G., Sartori, L., Dini, P., & Antoniadis, P. (2014). *From an idea to a scalable working model: Merging economic benefit with social values in Sardex*. Conference paper, LSE (London School of Economics and Political Science). Retrieved from <http://eprints.lse.ac.uk/59406/>

- Mair, J., & Martí, I. (2006). Social entrepreneur research: A source of explanation, prediction and delight. *Journal of World Business*, 41, 36–44.
- Mauss, M. (1922/1990). *The gift: Forms and functions of exchange in archaic societies*. London: Routledge.
- Melis, C., Giudici, E., & Dettori, A. (2013). Revitalizing the Barter: The case of Sardex.Net. In P. Spagnoletti (Ed.), *Organizational change and information system* (pp. 129–136). Berlin: Springer.
- Pacione, M. (1997). Local exchange trading systems as a response to the globalisation of capitalism. *Urban Studies*, 34(8), 1179–1199.
- Peredo, A. M., & Chrisman, J. J. (2006). Toward a theory of community-based enterprise. *Academy of Management Review*, 31(2), 309–328.
- Peredo, A. M., & Mclean, M. (2006). Social entrepreneurship. A critical review of the concept. *Journal of World Business*, 41, 56–65.
- Posnett, E. (2015, September 18). The Sardex factor. *Financial Time Magazine*, Retrieved from <http://www.ft.com/intl/cms/s/2/cf875d9a-5be6-11e5-a28b-50226830d644.html#axzz3r16oZeym>
- Ranchordás, S. (2015). Does sharing mean caring? Regulating innovation in the sharing economy. *Minnesota Journal of Law, Science & Technology*. Retrieved from <http://ssrn.com/abstract=2492798>
- Robinson, J. (2006). Navigating social and institutional barriers to markets: How social entrepreneurs identify and evaluate opportunities. In J. Mair, J. Robinson, & K. Hockerts (Eds.), *Social entrepreneurship*. Basingstoke, UK: Palgrave Macmillan.
- Sagawa, S., & Segal, E. (2000). Common interest, common good: Creating value through business and social sector partnership. *California Management Review*, 42(2), 105–122.
- Schraven, J. (2000). The economics of local exchange and trading systems: A theoretical perspective. *International Journal of Community Currency Research*, 4, 1–8.
- Schroeder, R. F. H., Miyazaki, Y., & Fare, M. (2011). Community currency research. An analysis of the literature. *International Journal of Community Currency Research*, 15A, 31–41.
- Schumpeter, J. A. (1934). *The theory of economic development*. London: Oxford University Press.
- Shane, S., & Venkataraman, S. (2000). The promise of entrepreneurship as a field of research. *Academy of Management Review*, 25(1), 217–226.
- Short, J. C., Moss, T. W., & Lumpkin, G. T. (2009). Research in social entrepreneurship: Past contributions and future opportunities. *Strategic Entrepreneurship Journal*, 3, 161–194.
- Stodder, J. (2009). Complementary credit networks and macroeconomic stability: Switzerland's Wirtschaftsring. *Journal of Economic Behavior & Organization*, 72, 79–95.
- Stokes, K., Clarence, E., & Rinne, A. (2014). *Making sense of the UK collaborative economy*. Nesta Report. London: Nesta. Retrieved from http://www.nesta.org.uk/sites/default/files/making_sense_of_the_uk_collaborative_economy_14.pdf
- Studer, T. (1998). *WIR in Unserer volkwirtschaft*. Basel: WIR. Translation: Beard, P.H. (trans.), 2006. *WIR and the Swiss National Economy*. Rohnert Park, CA: Sonoma State University. Available as e-book at <http://www.lulu.com/content/301348>
- Thompson, J., Alvy, G., & Lees, A. (2000). Social entrepreneurship—a new look at the people and the potential. *Management Decision*, 38, 328–338.
- Waddock, S. A. (1988). Building successful partnerships. *Sloan Management Review*, 29(4), 17–23.
- Waddock, S. A., & Post, J. E. (1995). Catalytic alliances for social problem solving. *Human Relations*, 48(8), 951–972.
- Williams, C. C. (1996). The New Barter economy: An appraisal of Local Exchange and Trading Systems (LETS). *Journal of Public Policy*, 16(1), 85–101.
- Wilson, N. C., & Stokes, D. (2004). Laments and serenades: Relationship marketing and legitimation strategies for the cultural entrepreneur. *Qualitative Market Research: An International Journal*, 7(3), 218–227.